

**Opening Statement of the Honorable Tim Murphy**  
**Subcommittee on Oversight and Investigations**  
**Hearing on “Health Insurance Premiums Under the Patient**  
**Protection and Affordable Care Act”**  
**May 20, 2013**

*(As Prepared for Delivery)*

I convene this hearing of the Subcommittee on Oversight and Investigations to examine the impact the Patient Protection and Affordable Care Act will have on the premiums of every American. Today we are joined by several witnesses: Cori Uccello is a Senior Health Fellow at the American Academy of Actuaries, Chris Carlson is an Actuarial Principal with the Oliver Wyman Group, Daniel Durham is the Executive Vice President for Policy and Regulatory Affairs with America's Health Insurance Plans, and Topher Spiro is the Vice President for Health Policy at the Center for American Progress.

I thank the witnesses for joining us today.

Today's hearing will focus on a question that many Americans are concerned about: will Obamacare increase the cost of my health insurance?

Based on information provided by some of the nation's largest insurance companies and by outside analysts, the answer to that question is yes.

Two months ago, the Subcommittee on Oversight and Investigations sent letters to 15 of the nation's largest insurers. We asked them for very basic information: what do you expect the Affordable Care Act will do to the premiums of Americans? Will they in fact be more affordable? We didn't ask them to create new material and we didn't ask them to exclude or focus on certain information. Instead, we simply asked them for the materials they had already created to estimate the impact of the health care law on their consumers.

Nearly all of the material the insurers submitted showed that Americans can expect massive premium increases. As one insurer told the committee, consumers in 90 percent of all states would likely face significant premium increases. Another wrote to the committee: "The bottom line is that the PPACA does not contain many provisions that will reduce costs and improve affordability, especially in the short term."

To be fair, some individuals in a few states may see premium decreases. As identified by the insurers, these states are typically the ones that are already highly regulated: New York, Massachusetts, Maine, Vermont. But some of the materials submitted by the insurance industry show that even individuals in those states may still get a premium increase. And this still only represents five states. The other 45 can expect, as the insurers told us, significant premium increases. 45 states get premium increases, five may see a slight decrease. On the day this law was signed, the president said it would "lower costs for families and businesses." It seems remarkable that a law that was passed on the basis of affordability will instead bring Boston prices to small town Pennsylvania, it would have been successful.

Why are costs going to go up? According to the materials provided by the companies, the Affordable Care Act mandates insurers provide a number of services regardless of consumer want or need, and then limits the ability for insurers to charge more or less depending on the likelihood of an individual utilizing that insurance. We can easily predict those individuals who will be the hardest hit by these coming premium increases: young and healthy adults.

Furthermore, based on the materials provided by the insurers, the provisions in the Affordable Care Act that were supposed to mitigate the premium price increases are not going to be enough. For example:

We have heard that those who can afford it the least will get subsidies if they earn less than 400 percent of the federal poverty line, which is nearly \$46,000 for an individual. Yet, one insurer told this committee

that the subsidies would only cover 40 percent of the premium. So, after doubling your premiums, Obamacare pays for less than half of it.

And what if you aren't eligible for a subsidy? If you're an individual making more than \$46,000, or a family of four making more than \$94,000—you won't be getting any help from the federal government. Obamacare was passed on the promise of lowering costs for everybody.

Supporters of the law often point out that women can no longer be charged a different amount because of their gender—but this “benefit” actually stops as women get closer to retirement. Several insurers told the committee these women will face higher premium increases than older men because of the end of gender rating—so as women get older and will inherently need more health care coverage, Obamacare makes it more expensive.

We have also heard about the “free” services people get under the law— but these services are not free. Many insurers provided us with materials showing that these free services were simply added to premiums - so instead of paying for these services as they actually use them, everyone gets to pay for this in their premium, regardless of whether you benefit from it.

Our investigation has heard from the insurers, so today we hope to hear from those before us. We will hopefully be able to get the perspective of the actuaries before us, as well as the industry representatives.

Thanks again for joining us today.

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